## Key concerns with Macro Equilibrium

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## Macro Success—Perfect AD

- Meets Goals
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  - 
  - 
- Potential Problem

## Recessionary GDP Gap

- Causes
  - Price Level
  - Output GDP
- Effect:
  - Recessionary GDP gap (define)

## Inflationary GDP Gap

- Causes
  - Price Level
  - Output GDP
- Effect:
  - Inflationary GDP gap (define)
The Keynesian Cross:

Keynes Great Depression Reality

Macro Model considers:

- Nominal Income/Output
- Aggregate Expenditures

Keynes’ Recessionary Gap:

- Goal: Expenditure Equilibrium at Full Employment Output
- Benefits of Expenditure Equilibrium

AD/AS Framework vs. Keynesian Cross

AD/AS Model: focus on

Keynesian Cross: focus on

Conclusion of Both?

Which model is more relevant today?